



**Director of  
Central  
Intelligence**

**Top Secret**



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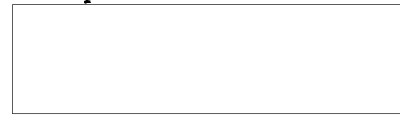
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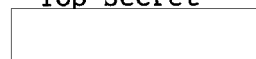


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UK-ARGENTINA: More Argentine Attacks

(Information as of 2400 EDT)

*//Argentine jets again attacked British ships off East Falkland yesterday and several were shot down. There is continued tough talk in London. The EC has extended economic sanctions against Argentina while Buenos Aires has called for an OAS meeting on Thursday to exploit growing Latin American support.//* [REDACTED]

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*//Argentine Mirage and Skyhawk jets attacked British ships at San Carlos yesterday, according to a UK Defense Ministry spokesman. The British shot down at least six of the aircraft, and a seventh was seen trailing smoke as it left the area. Some British ships may have been damaged in the attack.//* [REDACTED]

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*//UK Defense Secretary Nott has identified the Antelope as the frigate that was severely damaged Sunday and sank yesterday, and he indicated that one person was killed and seven others wounded. Another Sea Harrier apparently crashed yesterday shortly after takeoff and not as a result of Argentine action.//* [REDACTED]

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*//Weather satellites indicate generally fair skies with good visibility today over southern Argentina and the Falklands. The moderately heavy seas yesterday with waves up to 18 feet high are subsiding today with waves averaging 8 to 12 feet. Temperatures range from lows in the mid-20s to highs near 40 degrees Fahrenheit.//* [REDACTED]

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*Comment: //The loss of seven more aircraft by Argentina brings the total lost to between 59 and 65, with at least nine others damaged. The attack took place in several waves and was the third Argentine airstrike on British ships since Friday. Good visibility will make it more likely that the Argentines will continue air attacks against both British forces on East Falkland and the British fleet.//* [REDACTED]

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//Goose Green is the next likely target for the British. Control of Goose Green and Darwin would provide the British with a staging area for further raids on Stanley, some 80 kilometers to the northeast.//

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//The British have now lost six Harriers since the fighting began. The Antelope is burning and has been abandoned. The casualties apparently resulted from the explosion of the 500 lb. bomb which demolition specialists were trying to defuse in the Antelope's engine room.//

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Support for Thatcher

//The British press today continued to express solid support for the government's handling of the crisis. The *Times* published a poll showing 76 percent in favor of the invasion and 53 percent believing that a successful invasion is worth "large numbers" of British servicemen's lives.//

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//EC foreign ministers yesterday agreed to extend sanctions against Argentina "indefinitely." Italy and Ireland, however, again chose not to renew the measures.//

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Comment: //The public probably is not as prepared to accept as high casualty figures as the poll indicates, and the government continues to need a quick and decisive victory.//

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//EC members apparently believe that another short extension would be counterproductive now that London has invaded the islands and the conflict could end soon. None wanted to alienate the Thatcher government further, moreover, and thus paved the way for a compromise today on the issue of UK payments to the EC.//

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Argentine Diplomatic Moves

Foreign Minister Costa Mendez announced yesterday that Buenos Aires will reduce its representation on the Inter-American Defense Board in Washington as a demonstration of its intention to freeze relations with the US. He also stated he may attend the meeting of Non-Aligned Movement ministers in Havana beginning on 29 May.

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In a separate development, Argentina announced it has asked for a reconvening of the OAS foreign ministers' meeting on Thursday to consider "further measures" against the UK under the Rio Treaty. [REDACTED]

Comment: [REDACTED]

//Buenos Aires hopes to use what it sees as growing support in Latin America as leverage on Washington to persuade the UK to cease hostilities. While banking primarily on the UN to resolve the dispute, Argentina may judge that recent intensified fighting has made the Rio Treaty consultative body more willing to adopt tough anti-British measures.// [REDACTED]

South Africa Providing Arms to Argentina

//South African Foreign Minister Botha [REDACTED] has confirmed a press report that South Africa is supplying Argentina with surface-to-surface Gabriel missiles and spare parts for Mirage aircraft.// [REDACTED]

Comment: //Although the South Africans evidently have agreed not to sell Exocet missiles to Argentina, no such guarantee has been given for other types of armaments. South Africa's willingness to sell arms to Buenos Aires probably is related to the arms embargo imposed in 1977 against South Africa which was endorsed by Britain and by the UN.// [REDACTED]

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USSR: Central Committee Plenum

*The Central Committee plenum yesterday elected KGB Chairman Andropov to the Secretariat, promoted party secretary Dolgikh to candidate member of the Politburo and approved guidelines for a new program to improve food production.*

Brezhnev's speech on the food program did not include concrete details. He outlined ambitious production goals for the rest of the decade, claimed that imports of Western foodstuffs would decline and announced the formation of new management bodies. He decried the attempts of "certain states" to use grain sales to pressure the USSR and asserted that the country's defense capacity will be maintained at a "proper level."

Comment: Andropov's return to the Secretariat, where he evidently will assume some of Suslov's former responsibilities which included ideology and foreign policy, makes him a major contender to succeed Brezhnev as general secretary and poses a serious obstacle to Chernenko. Andropov is expected soon to relinquish his KGB post, which had been his principal liability.

Although Andropov's appointment could be seen as a sign of Brezhnev's weakness, it more likely reflects his ability to make the most of political realities. Brezhnev was in command at the plenum, delivering the major address and winning approval of his food program.

Although Andropov's KGB connections could increase his ability to challenge Brezhnev from his new position, the two have a close personal relationship and are believed to have similar views on some important issues such as detente. Soviet officials commonly view Andropov as more sophisticated, moderate and capable than most other members of the leadership.

The promotion of Dolgikh, who supervises industrial production, probably was taken in anticipation of Kirilenko's eventual departure. Dolgikh, given his experience in Kirilenko's area, would be a logical backup.

The food program fails to meet the real problems of Soviet agriculture. Brezhnev's claim that food imports can be curtailed is unrealistic; massive Soviet grain imports through the decade are likely. Brezhnev's remarks on grain trade and defense appear intended as reassurances that the food program will not threaten essential security goals.

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SPAIN: Governing Party Suffers Setback

*The ruling Union of the Democratic Center faces new stresses after its low third-place finish in the Andalucian regional election on Sunday.* [ ]

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The Socialist party won by an even larger margin than expected, taking over 50 percent of the vote and winning the first absolute majority by one party in any Spanish election since democratic institutions were established following the death of General Franco. The rightist Popular Alliance more than quadrupled the vote it won in 1979--to 17 percent--while the Union of the Democratic Center fell to 13 percent of the vote, barely half its previous tally. [ ]

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Comment: The various factions of the already shaky Democratic Center will become more divided. Prime Minister Calvo Sotelo will encounter considerable pressure to abandon the party's centrist stance and to begin negotiating an alliance with the increasingly successful Popular Alliance as the only way to prevent a Socialist victory at the national level. The Prime Minister so far has resisted such a move, since he fears it would cause even more Social Democrats to defect from the party's left wing. [ ]

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Former Prime Minister Suarez refused to take part in the Andalucian election campaign in order to be able to blame any failure on Calvo Sotelo, and he may now try to replace Calvo Sotelo with someone under his influence. Failing that, and especially if the Center Democrats move to the right, he could carry out his longstanding threat to form a swing party capable of allying with parties of the left or right. The struggle among the factions of the Union of the Democratic Center further weakens its ability to govern and increases the chances for early elections, probably this fall. [ ]

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CHINA - SOUTH KOREA: Increased Indirect Contacts

*The steadily increasing indirect contacts between China and South Korea reflect Beijing's interest in relaxing tensions on the peninsula.* [redacted]

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//Since December China has allowed its citizens to travel via Japan to visit relatives in South Korea. Beijing also has begun routinely to permit conversations between Chinese and South Korean diplomatic officers abroad. The Chinese are suggesting that they might participate in the Asian Games in 1986 and the Olympics in 1988 in Seoul, if the South Koreans do not exploit this participation politically.// [redacted]

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//China also has reportedly allowed its indirect trade with South Korea to grow considerably in the past few years. Recent articles in the Hong Kong press claim that this trade through Hong Kong--the major entrepot--totaled some \$220 million in 1981--a tenfold increase in two years. Overall trade last year apparently reached \$500 million.// [redacted]

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Comment: //China may be mainly interested in the economic benefits to be derived from more trade with South Korea, but the Chinese probably also hope to show both Seoul and Washington that they have become more flexible in their Korean policy. Beijing has consistently urged the US to respond positively to North Korean overtures for bilateral discussions. [redacted]

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China, however, certainly would want to avoid any appearance of pursuing a Korean policy that had been coordinated with the US. Beijing's concern about P'yongyang's sentiments is certain to keep its dealings with Seoul indirect and discreet for some time. [redacted]

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JAPAN-UN-US: Calls for Nuclear Disarmament

The record turnout for rallies in Japan against nuclear weapons on Sunday provides an impressive send-off for delegations from moderate labor unions, opposition parties and the Dietmen's League to Promote Disarmament who will attend the UN Special Session on Disarmament and who hope to confer with high US officials in Washington and New York. Prime Minister Suzuki will address the session on 9 June and is planning to call for treaties banning chemical weapons and underground nuclear testing, according to a Foreign Ministry spokesman. [REDACTED]

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Comment: //Suzuki wants to appear responsive to the public's fear of nuclear weapons. Nonetheless, he does not want to take any initiatives that would complicate relations with the US, and he is under little pressure to do so because the Japanese antinuclear movement is not focusing on the US exclusively. He has almost certainly abandoned the idea of proposing a treaty prohibiting attacks on peaceful nuclear facilities, partly in response to US objections. [REDACTED]

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ICELAND: Shift to the Right in Local Elections

The opposition Independence Party made major gains in the municipal elections last weekend, and the trend to the right among Iceland's voters was confirmed. At the same time, the leftist People's Alliance, which has led the opposition to new construction projects at the US-manned NATO base at Keflavik, lost about 8 percent of its following nationally.

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Comment: The gains of the Independence Party suggest that it is recovering from an earlier factional split and that it will step up its calls for a national election as early as this summer. Early elections would almost certainly lead to the formation of a government more cooperative on NATO and military construction issues than the present government. A change of government could be the key to overcoming the present impasse blocking construction of a new dual-purpose air terminal at Keflavik. The People's Alliance will be under renewed pressure from party activists to pull out of the center-left coalition government to stem its loss of support from among leftists, but Alliance leaders will be reluctant to precipitate an election so soon after the setback last weekend.

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CHINA-INDIA: Talks Make Limited Progress

China and India seem satisfied that the second round of their talks on normalizing relations made some more progress, but there was no breakthrough on the key issue of conflicting border claims. The press in both countries is emphasizing the progress made in technical, scientific, and cultural relations. Chinese media also criticized Soviet efforts to hamper improvement in Sino-Indian relations. Neither side expected substantial progress on the border issue, which will be taken up again later this year when the two sides open a third round of talks in Beijing. [REDACTED]

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Comment: Both countries continue to have a stake in establishing better relations. The Chinese want to dispute Soviet relations with India and to see how far New Delhi is willing to go to reduce tension on the China border. India can use the talks to demonstrate that it is not as closely aligned with the USSR as its critics claim and to gain some maneuvering room in dealing with the Soviets. [REDACTED]

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